

Employment, skills and economic growth

Purpose

For discussion and to update members on progress.

Summary

This paper provides detail and a progress update on a programme of work on employment, skills and economic growth as agreed within the board's work programme.

Recommendation

That the board discuss the proposed programme of work including how it can and should support the priorities and objectives on the People and Places Board.

Action

Officers to progress the programme and projects as directed by the board.

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Employment, skills and economic growth

Introduction

1. This paper outlines a programme of work on welfare, employment and skills with a focus on a research project the LGA has commissioned from the Centre for Economic and Social Inclusion (CESI).
2. It is proposed that the work in this area should, within the present Board structure, be reported to both the Cities Board and the People and Places Board, as well as providing regular updates to the Economy and Transport Board and Finance Panel.

Background

3. It is the LGA's view that the current approach to the commissioning and delivery of support for welfare, employment and skills is currently fragmented, inefficient and overly centralised.
4. This view has been informed by our work to date on Public Service Transformation and Community Budgets, as well as our specific research on commissioning for youth skills and employment through Hidden Talents.
5. Our work on welfare reform has also highlighted the importance of a central role for councils in integrating services around the needs of unemployed people and low income households, many of whom face complex or multiple barriers to work or progression. Both the People and Places Board and the Cities Board supported this view in discussions to agree their key priorities.
6. Attached at **Annex A** are updated case studies from Bath and North East Somerset, Melton and Rushcliffe who have been testing a locally-led and integrated approach to the Local Support Services Framework.
7. The LGA therefore wants to develop a compelling proposal for devolving responsibility for employment, skills and welfare to new joined-up local arrangements to bring together the current offers from councils, Jobcentres, and the public sector skills agencies. This will extend to adults, the policy analysis and evidence making the case for devolving responsibility for young people's employment and skills to councils and local partners, most recently set out in Hidden talents II: re-engaging young people the local people. The headline findings and latest case studies from that work are attached at **Annex B**.
8. This work will present strong challenges and ideas for devolution and place-based finance for an incoming or returning Government in 2015. Our aim is to influence key policy decisions including the re-let of back to work schemes in 2016, the future direction of skills policy, and the design and delivery of Universal Credit.

Outline of programme

9. Councils, alongside Local Enterprise Partnerships (LEPs), are at the forefront of local efforts to create the right conditions for growth, using local intelligence to predict which sectors will bring growth, which will decline, and critically what skills are needed locally

for those jobs. Supporting all local residents so they are equipped with skills and capacity to compete for local jobs is fundamental to achieving local growth ambitions and tackling worklessness.

10. In consultation with Board members we have identified a core group of 11 places with whom we will work closely to develop the evidence base for our proposal, and draw on learning from local approaches.
11. The 11 places are:
 - Devon
 - Essex
 - Surrey
 - Lincolnshire
 - Shropshire
 - Staffordshire
 - Greater Manchester
 - West Yorkshire combined authority (Leeds, Wakefield and Barnsley)
 - Newcastle
 - South London tri-borough (Lambeth, Southwark and Lewisham)
 - Southampton and Portsmouth
12. Cllr David Hodge and Cllr Richard Lees wrote jointly to Leaders on 19 May to formally invite councils to be part of the programme. This is currently being followed up through discussions between local officers, LGA officers and David Simmonds, Chief Executive of the Centre for Economic and Social Inclusion (CESI).
13. The 11 places have been selected to provide a spread of both metropolitan and non-metropolitan areas. This will enable us to draw on specific learning from non-metropolitan areas to inform work and priorities of specific interest to the People and Places Board when appropriate or required, in particular reflecting the more complex geography of some non-metropolitan areas.
14. Four of the 11 places are also 'whole place' areas which have placed employment and skills at the heart of their approach, ensuring a good fit with our wider work on public service transformation.

CESI research on welfare, employment and skills

15. We have commissioned CESI to deliver a series of three research reports. These will draw on evidence and experiences from the eleven places set out above to explore whether the current national employment and skills system can deliver for a growing economy and enable all local people to contribute to and benefit from local growth. These are set out below.
 - 15.1 **Initial report setting out the challenge by place:** This will explore the barriers presented by the current skills and back-to-work system, which militates against locally tailored and integrated solutions. It will demonstrate that without reform, future local growth ambitions will not be maximised. Drawing on the 11 places it will map the skills requirements needed to meet 2022 local growth ambitions and

offer firm recommendations for how these might be achieved through local commissioning. **This report will be presented at LGA annual conference.**

15.2 **A second report setting out the impact on residents:** This will focus on how current nationally commissioned welfare, employment and skills provision fails to address the complex needs of individuals or respond to different local circumstances, leading to poor outcomes. It will also explore how needs might be more effectively met by a more locally responsive and integrated approach. It will offer recommendations. **This will be published during the autumn.**

15.3 **A final report** will pull together all of the findings and make some recommendations for the future design and delivery of welfare, employment and skills support to contribute to the modelling work described below. **This will be published by the beginning of 2015.**

Developing a devolved model for the commissioning and delivery of welfare, employment and skills

16. We will draw on the research outlined above, input from the key Boards and learning from our broader work on Public Service Transformation to develop, by March 2015, what a devolved approach to the design, commissioning and delivery of support for welfare, employment and skills could look like.
17. As a first step to achieving that, we need to gather intelligence of what we know is working well already. We will scope this work in more detail in consultation with the 11 places.
18. Key things we are proposing to draw on include:
 - 18.1 locally designed back-to-work schemes, with targets and outcomes, which offer alternatives to national schemes, particularly for specific client groups;
 - 18.2 locally led intermediate local labour market interventions that are linked to local regeneration and wider LEP growth activity, bringing on board the private sector;
 - 18.3 outcomes from co-location of key services including Jobcentres, advice provision and employment support;
 - 18.4 locally commissioned skills provision that addresses employer demand in local growth sectors; and
 - 18.5 effective integration of Local Support Services in preparation for Universal Credit roll-out.
19. This could be used to identify and analyse:
 - 19.1 factors driving the success, which enable us to recommend policy changes to support devolved models (co-location, case worker approach etc.);
 - 19.2 comparisons with national programmes; and

19.3 outcomes of the success rates if they were to be scaled up nationally

20. We would welcome views from Board members on the development of this piece of work.